

AMENDED IN ASSEMBLY AUGUST 6, 2012

AMENDED IN ASSEMBLY JUNE 27, 2012

AMENDED IN SENATE MAY 29, 2012

AMENDED IN SENATE MAY 1, 2012

AMENDED IN SENATE APRIL 9, 2012

## SENATE BILL

**No. 1225**

**Introduced by Senator Padilla**

**(Coauthor: Senator Correa)**

(Coauthors: Assembly Members *Davis*, *Galgiani*, and *Williams*)

February 23, 2012

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An act to ~~amend~~ *add* Sections ~~14031.8, 14070.2, 14070.4, 14031.9, 14070.3, 14070.5, and 14070.6~~ of *14070.7 to*, and to repeal and add Article 5.2 (commencing with Section 14072) of Chapter 1 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to transportation.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1225, as amended, Padilla. Intercity rail agreements.

Existing law authorizes the Department of Transportation to contract with Amtrak for intercity passenger rail services and provides funding for these services from the Public Transportation Account. Existing law, until December 31, 1996, authorized the department, subject to approval of the Secretary of the Business, Transportation and Housing Agency, to enter into an interagency transfer agreement under which a joint powers board assumes responsibility for administering the state-funded intercity rail service in a particular corridor. Existing law, with respect to a transferred corridor, requires the board to demonstrate the ability to meet performance standards established by the secretary.

This bill would authorize the department, with the approval of the secretary, to enter into an additional interagency transfer agreement with respect to the LOSSAN Corridor, defined to mean the intercity passenger rail corridor between San Diego, Los Angeles, and San Luis Obispo, if the LOSSAN Agency, an existing joint powers agency, is reconstituted through an amended joint powers agreement approved by the governing boards of its members to enable that agency to enter into an interagency transfer agreement with the secretary relative to the LOSSAN Corridor.

This bill would require an interagency transfer agreement for the LOSSAN Corridor to cover the initial 3-year period after the transfer. The bill would require a transfer agreement, as provided above, to be entered into by June 30, 2014, subject to negotiation and approval by the state and the LOSSAN Corridor Joint Powers Agency.

Existing law requires the level of service to be funded by the state pursuant to a transfer agreement to not be less than the current number of intercity round trips operated in a corridor and serving the same endpoints.

This bill would ~~delete this provision and would~~ require the service funded by the state *in the LOSSAN Corridor* to be at an appropriate level as determined in the interagency transfer agreement, and would require the level of funding provided by the state pursuant to a transfer agreement for the LOSSAN Corridor to not be less than the funding level provided in the 2012–13 fiscal year operating contract between the department and Amtrak.

Existing law provides for the allocation of state funds by the secretary to a joint powers board under an interagency transfer agreement based on the annual business plan for the intercity rail corridor and subsequent appropriation of state funds. Existing law states that the interagency transfer agreement may provide that any additional funds required to operate the passenger rail service during a fiscal year shall be provided by the joint powers board from jurisdictions that receive service.

This bill ~~would delete the provision requiring additional funds to be provided by the board, and, with respect to the LOSSAN Corridor,~~ would instead provide that those funds may be provided by the board. The bill, ~~with respect to the LOSSAN Corridor~~ *regard to that corridor*, would provide that local resources shall not be available to offset any redirection, elimination, reduction, or reclassification by the state of state resources for operating intercity rail services. In addition, with regard to that corridor, the bill would require the passenger rail

equipment used for intercity passenger rail services to be the same type of equipment used on other state-funded intercity passenger rail services. The bill would prohibit termination of feeder bus services connecting the LOSSAN and San Joaquin Corridors except for specified reasons.

This bill would authorize the secretary to adopt new performance standards by December 31, 2014, for intercity rail services *in the LOSSAN Corridor*.

This bill would repeal now-obsolete provisions authorizing the Southern California Regional Rail Authority to be a party to an interagency transfer agreement for intercity rail services in specified counties.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 Intercity Passenger Rail Act of 2012.
- 3 SEC. 2. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) An intercity passenger rail system, linking major urban
- 6 centers and complemented by feeder bus services that provide
- 7 access to outlying areas and destinations, is an important element
- 8 of the state's transportation system, and shall remain a state-funded
- 9 program.
- 10 (2) The state has a continuing interest in the provision of
- 11 cost-effective intercity passenger rail services and has a
- 12 responsibility to coordinate intercity passenger rail services
- 13 statewide. Some state function needs to be sustained even if the
- 14 responsibility for the current operations on intercity rail passenger
- 15 routes is transferred.
- 16 (3) Since 1976, the state has invested over one billion eight
- 17 hundred million dollars (\$1,800,000,000) in capital improvements
- 18 and operating support for intercity passenger rail service and must
- 19 ensure the protection of that investment.
- 20 (b) The Legislature, through the enactment of this act, intends
- 21 all of the following:
- 22 (1) The Secretary of Business, Transportation and Housing to
- 23 be responsible for the overall planning, coordination, and budgeting
- 24 of the intercity passenger rail service consistent with this act.

(2) If the secretary determines that transferring responsibility for intercity passenger rail service in a particular corridor or corridors to a statutorily created joint powers agency would result in administrative or operating cost reductions, the secretary may authorize the Department of Transportation to enter into an interagency transfer agreement to effect a transfer of those administrative functions, consistent with this act.

(3) Any intercity passenger rail corridor for which administrative responsibility has been transferred to a joint powers board through an interagency transfer agreement to remain a component of the statewide system of intercity passenger rail corridors.

(4) The public interest requires expansion of the state intercity passenger rail program in order to keep pace with the needs of an expanding population.

(5) For not less than a three-year period, the level of state funding for intercity rail service in each corridor should be maintained at a level equal to at least the current level of service in the corridor, thus providing fiscal stability that will allow appropriate planning and operation of these services.

(6) It is in the public interest to ensure fiscal accountability that the intercity passenger rail service operating in the LOSSAN Corridor maintain a ratio of fare revenue to operating cost of no less than 58 percent.

(7) It is in the public interest that the LOSSAN Corridor Joint Powers Agency retain an individual to manage the contract with the state who has previous experience operating or managing intercity or commuter passenger rail services.

SEC. 3.— Section 14031.8 of the Government Code is amended to read:

~~14031.8.— (a) The Secretary of Business, Transportation and Housing shall establish, through an annual budget process, the level of state funding available for the operation of intercity passenger rail service in each corridor.~~

~~(b) Where applicable, operating funds shall be allocated by the secretary to the joint powers board in accordance with an interagency transfer agreement that includes mutually agreed-upon rail services. Funds for the administration and marketing of services, as appropriate, shall also be transferred by the secretary to the joint powers board, subject to the terms of the interagency transfer agreement.~~

1     ~~(e) The joint powers board or local or regional entities may, but~~  
2 ~~shall not be required to, augment state-provided resources to~~  
3 ~~expand intercity passenger rail services using local resources, or~~  
4 ~~to address funding shortfalls in achieving agreed-upon performance~~  
5 ~~standards.~~

6     ~~(d) The department may provide any support services as may~~  
7 ~~be mutually agreed upon by the board and the department.~~

8     ~~(e) Operating costs shall be controlled by dealing with, at a~~  
9 ~~minimum, the Amtrak cost allocation formula and the ability to~~  
10 ~~contract out to Amtrak or other rail operators as a part of federal~~  
11 ~~legislation dealing with Amtrak reauthorization.~~

12     ~~(f) Not later than December 31, 1997, the secretary shall~~  
13 ~~establish a set of uniform performance standards for all corridors~~  
14 ~~and operators to control cost and improve efficiency. To the extent~~  
15 ~~necessary, as determined by the secretary, performance standards~~  
16 ~~may be modified not later than December 31, 2014, relative to~~  
17 ~~including the San Diego-Los Angeles-San Luis Obispo (LOSSAN)~~  
18 ~~Corridor among the corridors subject to an interagency transfer~~  
19 ~~agreement.~~

20     ~~(g) Notwithstanding any other provision of this section, with~~  
21 ~~regard to the LOSSAN Corridor, local resources described in~~  
22 ~~subdivision (c) shall not be available for expenditure to offset any~~  
23 ~~redirection, elimination, reduction, or reclassification by the state~~  
24 ~~of state resources for operating intercity passenger rail services as~~  
25 ~~identified in subdivision (b).~~

26     ~~SEC. 4. Section 14070.2 of the Government Code is amended~~  
27 ~~to read:~~

28     ~~14070.2. (a) If authorized by the secretary, the department~~  
29 ~~may, through an interagency transfer agreement, transfer to a joint~~  
30 ~~powers board, and the board may assume, all responsibility for~~  
31 ~~administering state-funded intercity passenger rail service in the~~  
32 ~~corridor. Upon the date specified in the agreement, the board shall~~  
33 ~~succeed to the department's powers and duties relative to that~~  
34 ~~service, except that the department shall retain responsibility for~~  
35 ~~developing budget requests for the service through the state budget~~  
36 ~~process, which shall be developed in consultation with the board,~~  
37 ~~and for coordinating service in the corridor with other intercity~~  
38 ~~passenger rail services in the state.~~

~~(b) (1) Except as otherwise provided in paragraph (2), the interagency transfer agreement shall be executed on or before December 31, 1996.~~

~~(2) With respect to the LOSSAN Corridor, an interagency transfer agreement pursuant to subdivision (a) for that corridor shall be entered into on or before June 30, 2014, subject to negotiation and approval by the state and the LOSSAN Corridor Joint Powers Agency.~~

~~(c) The secretary shall require the board to demonstrate the ability to meet the performance standards established by the secretary pursuant to subdivision (f) of Section 14031.8.~~

~~SEC. 5. Section 14070.4 of the Government Code is amended to read:~~

~~14070.4. (a) An interagency transfer agreement between the department and a joint powers board, when approved by the secretary, shall do all of the following:~~

~~(1) Specify the date and conditions for the transfer of responsibilities and identify the annual level of funding and ensure that the level of funding is consistent with and sufficient for the planned service improvements within the corridor. For purposes of the LOSSAN Corridor, the interagency transfer agreement shall cover the initial three-year period after the transfer, but may be extended thereafter by mutual agreement.~~

~~(2) Identify, for the initial year and subsequent years, the funds to be transferred to the board including state operating subsidies made available for intercity rail services in the corridor, and funds currently used by the department for administration and marketing of the corridor, with the amounts adjusted annually for inflation and in accordance with the business plan.~~

~~(3) Specify the level of service to be provided, the respective responsibilities of the board and the department, the methods that the department will use to ensure the coordination of services with other rail passenger services in the state, and the methods that the department will use for the annual review of the business plan and annual proposals on funding and appropriations.~~

~~(4) Describe the terms for transferring to the joint exercise of powers agency car and locomotive train sets, and other equipment and property owned by the department and required for the intercity passenger rail service in the corridor, including, but not limited to, the number of units to be provided, liability coverage,~~

1 maintenance and warranty responsibilities, and indemnification  
2 issues.

3 (5) Describe auditing responsibilities and process requirements,  
4 reimbursement and billing procedures, the responsibility for  
5 funding shortfalls, if any, during the course of each fiscal year, an  
6 operating contract oversight review process, performance standards  
7 and reporting procedures, the level of rail infrastructure  
8 maintenance, and other relevant monitoring procedures. The  
9 description shall contain an evaluation of the impact of any transfer  
10 of equipment on other intercity corridors. The agreement shall  
11 endeavor to minimize the impact and maximize the efficient use  
12 of the equipment, including continued joint use of equipment that  
13 is currently shared by one or more corridors.

14 (b) Use of the annual state funding allocation, as set forth in the  
15 interagency transfer agreement, shall be described in an annual  
16 business plan submitted by the board to the secretary for review  
17 and recommendation by April 1 of each year. The business plan,  
18 when approved by the secretary, shall be deemed accepted by the  
19 state. The budget proposal developed by the department for the  
20 subsequent year shall be based upon the business plan approved  
21 by the secretary. The business plan shall be consistent with the  
22 interagency transfer agreement and shall include a report on the  
23 recent as well as historical performance of the corridor service, an  
24 overall operating plan including proposed service enhancement to  
25 increase ridership and provide for increased traveler demands in  
26 the corridor for the upcoming year, short-term and long-term capital  
27 improvement programs, funding requirements for the upcoming  
28 fiscal year, and an action plan with specific performance goals and  
29 objectives. The business plan shall document service improvements  
30 to provide the planned level of service, inclusion of operating plans  
31 to serve peak period work trips, and consideration of other service  
32 expansions and enhancements. With respect to the LOSSAN  
33 Corridor, the initial business plan shall be consistent with the  
34 immediately previous State Rail Plan developed by the department  
35 pursuant to Section 14036. The business plan shall clearly delineate  
36 how funding and accounting for state-sponsored intercity passenger  
37 rail services shall be separate from locally sponsored services in  
38 the corridor. Proposals to expand or modify intercity passenger  
39 rail services shall be accompanied by the identification of all  
40 associated costs and ridership projections. The business plan shall

1 establish, among other things: fares, operating strategies, capital  
2 improvements needed, and marketing and operational strategies  
3 designed to meet performance standards established in the  
4 interagency transfer agreement.

5 (e) Based on the annual business plan and the subsequent  
6 appropriation by the Legislature, the secretary shall allocate state  
7 funds on an annual basis to the board. As provided in the  
8 interagency transfer agreement, any additional funds that are  
9 needed to operate the passenger rail service during a fiscal year  
10 may be provided by the board from jurisdictions that receive  
11 service. In addition, the board may use any cost savings or farebox  
12 revenues to provide service improvements related to intercity  
13 service. In any event, the board shall report the fiscal results of the  
14 previous year's operations as part of the annual business plan.

15 (d) The level of service funded by the state shall be at an  
16 appropriate level as determined in the interagency transfer  
17 agreement, and the funding provided by the state for the LOSSAN  
18 Corridor shall in no case be less than the funding level provided  
19 in the 2012-13 fiscal year operating contract between the  
20 department and the National Railroad Passenger Corporation  
21 (Amtrak) for the LOSSAN Corridor. Subject to Section 14035.2,  
22 the level of funding provided by the state shall also include funding  
23 at the same level provided as of January 1, 2013, for feeder bus  
24 service that is operated in conjunction with the trains. However,  
25 the interagency transfer agreement shall not prohibit the joint  
26 powers board from reducing the number of feeder bus route miles  
27 if the joint powers board determines that a feeder bus route is not  
28 cost effective as provided in Section 14035.2.

29 (e) Feeder bus services that provide connections for intercity  
30 rail passengers from the LOSSAN Corridor to the state-supported  
31 San Joaquin passenger rail service shall not be terminated unless  
32 the bus services fail to meet the cost-effectiveness standard  
33 described in paragraph (3) of subdivision (a) of Section 14035.2.

34 (f) Nothing in this article shall be construed to preclude  
35 expansion of state-approved intercity rail service.

36 (g) Notwithstanding any other provision of this section, with  
37 regard to the LOSSAN Corridor, local resources described in  
38 subdivision (c) shall not be available for expenditure to offset any  
39 redirection, elimination, reduction, or reclassification by the state  
40 of state resources for operating intercity passenger rail services.



~~(h) The passenger rail equipment regularly used for intercity passenger rail service on the LOSSAN Corridor shall be the same type of equipment regularly used on other intercity corridors funded by the state. The purpose of this requirement is to ensure that there is a statewide pool of common intercity passenger rail equipment for purposes of interoperability among the state-funded corridors and for vehicle fleet management.~~

~~SEC. 6. Section 14070.6 of the Government Code is amended to read:~~

~~14070.6. The department and any entity that assumes administrative responsibility for intercity passenger rail services through an interagency transfer agreement, may, through a competitive solicitation process, contract with the National Railroad Passenger Corporation (Amtrak) or with organizations authorized by state or federal law to provide intercity passenger rail services, and may contract with rail corporations and other rail operators for the use of tracks and other facilities and for the provision of intercity passenger rail services on terms and conditions as the parties may agree. The department is deemed to be a third-party beneficiary of the contract, and the contract shall not contain any provision or condition that would negatively impact on or conflict with any other contracts the department has regarding intercity passenger rail services. Any entity that succeeds the department as sponsor of state-supported intercity passenger rail services through an interagency transfer agreement, is deemed an agency of the state for all purposes related to intercity passenger rail services, including Section 5311 of Title 49 of the United States Code.~~

~~SEC. 3. Section 14031.9 is added to the Government Code, to read:~~

~~14031.9. (a) (1) This section shall apply only to the San Diego-Los Angeles-San Luis Obispo (LOSSAN) Corridor, and only if that corridor is the subject of an interagency transfer agreement. Section 14031.8 shall not apply to that corridor except as specifically provided.~~

~~(2) The Secretary of Business, Transportation and Housing shall establish, through an annual budget process, the level of state funding available for the operation of intercity passenger rail service in the LOSSAN Corridor.~~

1     (b) Where applicable, operating funds shall be allocated by the  
2     secretary to the LOSSAN Corridor Joint Powers Agency in  
3     accordance with the interagency transfer agreement that includes  
4     mutually agreed-upon rail services. Funds for the administration  
5     and marketing of services, as appropriate, shall also be transferred  
6     by the secretary to the LOSSAN Corridor Joint Powers Agency,  
7     subject to the terms of the interagency transfer agreement.

8     (c) The LOSSAN Corridor Joint Powers Agency or regional  
9     agencies may, but shall not be required to, augment state-provided  
10    resources to expand intercity passenger rail services using local  
11    resources, or to address funding shortfalls in achieving  
12    agreed-upon performance standards.

13    (d) The department may provide any support services as may  
14    be mutually agreed upon by the board and the department.

15    (e) Operating costs shall be controlled by dealing with, at a  
16    minimum, the Amtrak cost allocation formula and the ability to  
17    contract out to Amtrak or other rail operators as a part of federal  
18    legislation dealing with Amtrak reauthorization.

19    (f) The performance standards adopted pursuant to subdivision  
20    (f) of Section 14031.8 shall apply to the LOSSAN Corridor to the  
21    extent it is among the corridors subject to an interagency transfer  
22    agreement. To the extent necessary, as determined by the secretary,  
23    performance standards may be modified not later than December  
24    31, 2014, relative to the LOSSAN Corridor to the extent it is among  
25    the corridors subject to an interagency transfer agreement.

26    (g) Notwithstanding any other provision of this section, local  
27    resources described in subdivision (c) shall not be available for  
28    expenditure to offset any redirection, elimination, reduction, or  
29    reclassification by the state of state resources for operating  
30    intercity passenger rail services as identified in subdivision (b).

31    SEC. 4. Section 14070.3 is added to the Government Code, to  
32    read:

33    14070.3. (a) If authorized by the secretary, the department  
34    may, through an interagency transfer agreement, transfer to the  
35    LOSSAN Corridor Joint Powers Agency, and that agency may  
36    assume, all responsibility for administering state-funded intercity  
37    passenger rail service in the San Diego-Los Angeles-San Luis  
38    Obispo (LOSSAN) Corridor. Upon the date specified in the  
39    agreement, the LOSSAN Corridor Joint Powers Agency shall  
40    succeed to the department's powers and duties relative to that

1 *service, except that the department shall retain responsibility for*  
2 *developing budget requests for the service through the state budget*  
3 *process, which shall be developed in consultation with that agency,*  
4 *and for coordinating service in the corridor with other intercity*  
5 *passenger rail services in the state.*

6 *(b) With respect to the LOSSAN Corridor, an interagency*  
7 *transfer agreement pursuant to subdivision (a) shall be entered*  
8 *into on or before June 30, 2014, subject to negotiation and*  
9 *approval by the state and the LOSSAN Corridor Joint Powers*  
10 *Agency.*

11 *(c) The secretary shall require the LOSSAN Corridor Joint*  
12 *Powers Agency to demonstrate the ability to meet the performance*  
13 *standards established by the secretary pursuant to subdivision (f)*  
14 *of Section 14031.8 or subdivision (f) of Section 14031.9, whichever*  
15 *is applicable.*

16 *(d) Section 14070.2 shall not apply to the LOSSAN Corridor.*

17 *SEC. 5. Section 14070.5 is added to the Government Code, to*  
18 *read:*

19 *14070.5. (a) An interagency transfer agreement between the*  
20 *department and the LOSSAN Corridor Joint Powers Agency, when*  
21 *approved by the secretary, shall do all of the following:*

22 *(1) Specify the date and conditions for the transfer of*  
23 *responsibilities and identify the annual level of funding and ensure*  
24 *that the level of funding is consistent with and sufficient for the*  
25 *planned service improvements within the LOSSAN Corridor. The*  
26 *interagency transfer agreement shall cover the initial three-year*  
27 *period after the transfer, but may be extended thereafter by mutual*  
28 *agreement.*

29 *(2) Identify, for the initial year and subsequent years, the funds*  
30 *to be transferred to the agency including state operating subsidies*  
31 *made available for intercity rail services in the corridor; and funds*  
32 *currently used by the department for administration and marketing*  
33 *of the corridor; with the amounts adjusted annually for inflation*  
34 *and in accordance with the business plan.*

35 *(3) Specify the level of service to be provided, the respective*  
36 *responsibilities of the agency and the department, the methods*  
37 *that the department will use to ensure the coordination of services*  
38 *with other rail passenger services in the state, and the methods*  
39 *that the department will use for the annual review of the business*  
40 *plan and annual proposals on funding and appropriations.*

1     (4) Describe the terms for transferring to the LOSSAN Corridor  
2     Joint Powers Agency car and locomotive train sets, and other  
3     equipment and property owned by the department and required  
4     for intercity passenger rail service in the LOSSAN Corridor;  
5     including, but not limited to, the number of units to be provided,  
6     liability coverage, maintenance and warranty responsibilities, and  
7     indemnification issues.

8     (5) Describe auditing responsibilities and process requirements,  
9     reimbursement and billing procedures, the responsibility for  
10    funding shortfalls, if any, during the course of each fiscal year,  
11    an operating contract oversight review process, performance  
12    standards and reporting procedures, the level of rail infrastructure  
13    maintenance, and other relevant monitoring procedures. The  
14    description shall contain an evaluation of the impact of any transfer  
15    of equipment on other intercity corridors. The agreement shall  
16    endeavor to minimize the impact and maximize the efficient use of  
17    the equipment, including continued joint use of equipment that is  
18    currently shared by one or more corridors.

19    (b) Use of the annual state funding allocation, as set forth in  
20    the interagency transfer agreement, shall be described in an annual  
21    business plan submitted by the LOSSAN Corridor Joint Powers  
22    Agency to the secretary for review and recommendation by April  
23    1 of each year. The business plan, when approved by the secretary,  
24    shall be deemed accepted by the state. The budget proposal  
25    developed by the department for the subsequent year shall be based  
26    upon the business plan approved by the secretary. The business  
27    plan shall be consistent with the interagency transfer agreement,  
28    and shall include a report on the recent as well as historical  
29    performance of the corridor service, an overall operating plan  
30    including proposed service enhancements to increase ridership  
31    and provide for increased traveler demands in the corridor for the  
32    upcoming year; short-term and long-term capital improvement  
33    programs, funding requirements for the upcoming fiscal year, and  
34    an action plan with specific performance goals and objectives.  
35    The business plan shall document service improvements to provide  
36    the planned level of service, inclusion of operating plans to serve  
37    peak period work trips, and consideration of other service  
38    expansions and enhancements. The initial business plan shall be  
39    consistent with the immediately previous State Rail Plan developed  
40    by the department pursuant to Section 14036. The business plan

1 shall clearly delineate how funding and accounting for  
2 state-sponsored intercity passenger rail services shall be separate  
3 from locally sponsored services in the corridor. Proposals to  
4 expand or modify intercity passenger rail services shall be  
5 accompanied by the identification of all associated costs and  
6 ridership projections. The business plan shall establish, among  
7 other things: fares, operating strategies, capital improvements  
8 needed, and marketing and operational strategies designed to meet  
9 performance standards established in the interagency transfer  
10 agreement.

11 (c) Based on the annual business plan and the subsequent  
12 appropriation by the Legislature the secretary shall allocate state  
13 funds on an annual basis to the LOSSAN Corridor Joint Powers  
14 Agency. As provided in the interagency transfer agreement, any  
15 additional funds that are needed to operate the passenger rail  
16 service during a fiscal year may be provided by the LOSSAN  
17 Corridor Joint Powers Agency from jurisdictions that receive  
18 service. In addition, the LOSSAN Corridor Joint Powers Agency  
19 may use any cost savings or farebox revenues to provide service  
20 improvements related to intercity service. In any event, the agency  
21 shall report the fiscal results of the previous year's operations as  
22 part of the annual business plan.

23 (d) The level of service funded by the state in the LOSSAN  
24 Corridor shall be at an appropriate level as determined in the  
25 interagency transfer agreement, and the funding provided by the  
26 state shall in no case be less than the funding level for that corridor  
27 provided in the 2012–13 fiscal year operating contract between  
28 the department and Amtrak for the corridor. Subject to Section  
29 14035.2, the level of funding provided by the state shall also  
30 include funding at the same level provided as of January 1, 2013,  
31 for feeder bus service that is operated in conjunction with the  
32 trains. However, the interagency transfer agreement shall not  
33 prohibit the LOSSAN Corridor Joint Powers Agency from reducing  
34 the number of feeder bus route miles if it determines that a feeder  
35 bus route is not cost effective as provided in Section 14035.2.

36 (e) Feeder bus services that provide connections for intercity  
37 rail passengers from the LOSSAN Corridor to the state-supported  
38 San Joaquin passenger rail service shall not be terminated unless  
39 the bus services fail to meet the cost-effectiveness standard  
40 described in paragraph (3) of subdivision (a) of Section 14035.2.

1 (f) *Nothing in this article shall be construed to preclude*  
2 *expansion of state-approved intercity passenger rail service.*

3 (g) *Notwithstanding any other provision of this section, local*  
4 *resources described in subdivision (c) shall not be available for*  
5 *expenditure to offset any redirection, elimination, reduction, or*  
6 *reclassification by the state of state resources for operating*  
7 *intercity passenger rail services.*

8 (h) *The passenger rail equipment regularly used for intercity*  
9 *passenger rail service on the LOSSAN Corridor shall be the same*  
10 *type of equipment regularly used on other intercity corridors*  
11 *funded by the state. The purpose of this requirement is to ensure*  
12 *that there is a statewide pool of common intercity passenger rail*  
13 *equipment for purposes of interoperability among the state-funded*  
14 *corridors and for vehicle fleet management.*

15 (i) *Section 14070.4 shall not apply to the LOSSAN Corridor.*

16 SEC. 6. *Section 14070.7 is added to the Government Code, to*  
17 *read:*

18 *14070.7. The department and the LOSSAN Rail Corridor*  
19 *Agency, to the extent the agency assumes administrative*  
20 *responsibility for intercity passenger rail services on the LOSSAN*  
21 *Corridor through an interagency transfer agreement, may, through*  
22 *a competitive solicitation process, contract with Amtrak or with*  
23 *organizations authorized by state or federal law to provide intercity*  
24 *passenger rail services, and may contract with rail corporations*  
25 *and other rail operators for the use of the tracks and other facilities*  
26 *and for the provision of intercity passenger rail services on terms*  
27 *and conditions as the parties may agree. The department is deemed*  
28 *to be a third-party beneficiary of the contract, and the contract*  
29 *shall not contain any provision or condition that would negatively*  
30 *impact on or conflict with any other contracts the department has*  
31 *regarding intercity passenger rail services. The LOSSAN Rail*  
32 *Corridor Agency, if it succeeds the department as sponsor of*  
33 *state-supported intercity passenger rail services on the LOSSAN*  
34 *Corridor through an interagency transfer agreement, is deemed*  
35 *to be an agency of the state for all purposes related to intercity*  
36 *passenger rail services, including Section 5311 of Title 49 of the*  
37 *United States Code.*

38 *Section 14070.6 shall not apply to the LOSSAN Corridor.*

1 SEC. 7. Article 5.2 (commencing with Section 14072) of  
2 Chapter 1 of Part 5 of Division 3 of Title 2 of the Government  
3 Code is repealed.

4 SEC. 8. Article 5.2 (commencing with Section 14072) is added  
5 to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government  
6 Code, to read:

7  
8 Article 5.2. LOSSAN Corridor  
9

10 14072. (a) The LOSSAN Rail Corridor Agency, also known  
11 as the LOSSAN Agency, is an existing joint powers authority  
12 established to provide an organization capable of implementing  
13 the recommendations contained in the State Rail Corridor Study  
14 Group's June 1987 report entitled "Los Angeles-San Diego State  
15 Rail Corridor Study" and undertaking related efforts to improve  
16 intercity services and facilities in the corridor and to coordinate  
17 subcorridor commuter rail services with intercity services. The  
18 LOSSAN Agency is composed of voting members, as specified  
19 in the joint powers agreement.

20 (b) "LOSSAN Corridor" or "LOSSAN Rail Corridor" means  
21 the San Diego-Los Angeles-San Luis Obispo intercity passenger  
22 rail corridor.

23 14072.2. This article shall be applicable only if the members  
24 of the LOSSAN Agency enter into an amended joint powers  
25 agreement to expand the authority of the agency to permit the  
26 administration of state-funded intercity passenger rail services on  
27 the LOSSAN Corridor, and the LOSSAN Agency thereafter elects  
28 to become a party to an interagency transfer agreement pursuant  
29 to Article 5 (commencing with Section 14070). The amended joint  
30 powers agreement shall establish the terms and conditions for the  
31 joint powers agency and is subject to the approval of the governing  
32 board of each member agency of the LOSSAN Agency. Only the  
33 LOSSAN Agency operating under the amended joint powers  
34 agreement, and not the LOSSAN Agency existing on January 1,  
35 2013, may exercise jurisdiction over intercity rail services on the  
36 LOSSAN Corridor under an interagency transfer agreement.